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*on the air*

## The Reviewing Stand

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### How Do We Stand On Housing?

*A radio discussion over WGN and the Mutual Broadcasting System*

**BYRON DALTON**

Business Representative, Plasterers Union; Chairman, Building Code  
Committee, Chicago Building Trades Council

**HORACE RUSSELL**

Attorney and General Counsel, United States Savings and Loan League

**H. MAYNE STANTON**

Secretary, Illinois Builders League  
Executive Secretary, Building Construction Employers Association of Chicago

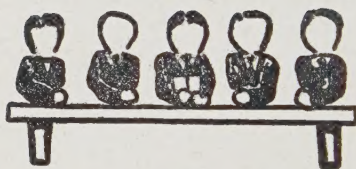
**Moderator: MARTIN J. MALONEY**

Assistant Professor of Radio, Northwestern University

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**THE REVIEWING STAND** is a weekly radio forum presented by Northwestern University. The program was first broadcast by Station WGN, Chicago, October 14, 1934. It has been on the air continuously since that time, originating in the WGN studios, and, since 1935, carried by the stations of the Mutual Broadcasting System. **THE REVIEWING STAND** presents members of the Northwestern University faculty and distinguished guests from business, government, education, and the press in round table discussions of contemporary problems—the questions that are in the news. The program is under the direction of James H. McBurney, Dean of the School of Speech, Northwestern University; Miss Myrtle Stahl, Director of Educational Programs, WGN, Chicago; R. E. Buchanan, Director of Radio, Northwestern University; Mrs. Kathryn Johnson, Assistant to the Director; Mrs. Mary Clark, Secretarial Chief.

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## How Do We Stand On Housing?

MR. MALONEY: How do we stand on housing?

MR. RUSSELL: We have an acute shortage of housing due to a lapse of five to ten years in house-building during a long depression and about five years during a war, due to rent controls which cause many individuals and couples to use more housing than they need or would use except for rent controls, and also due to easy money that enables people to buy and hold more new housing than they would in normal times. These conditions will be corrected in three to five years in any event and will be corrected much quicker if rent control is removed, and much quicker still if economic conditions are somewhat tightened up.

MR. DALTON: I believe the nation needs approximately 11,000,000 homes today.

MR. STANTON: Achievements of the construction industry—and this means in housing—since the end of the war have been no less than phenomenal. The industry has failed in only one respect: It has neglected to properly dramatize its accomplishments or its developments and thereby inform the nation that it has been meeting its responsibilities to a far greater degree than have most other industries.

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MR. MALONEY: Mr. Russell, you remarked in your opening statement that due to easy money and rent control much housing space is wasted. Suppose that this space could be used. How much relief would that give us?

MR. RUSSELL: If the secretary making \$250 a month in Chicago and occupying a six-room apartment were not protected by rent control and that apartment went up from \$40 to \$80—which is comparable to the rise in prices of other things—she would get three young ladies in with her, and four of them would occupy it. That would make three new vacant units to rent to people that need a house.

### Is Present Housing Adequate?

MR. MALONEY: You feel that would be a desirable thing?

MR. RUSSELL: Certainly, I think it would be a very desirable thing in the present situation.

MR. MALONEY: Mr. Dalton, what do you think about that?

MR. DALTON: You ask if present housing is adequate? Not to supply the existing abnormal demand. For approximately 17 years the housing industry was allowed to stagnate—first, because of lack of purchasing power during the depression, and after the war started because of the government restrictions which were necessary to divert manpower and materials to war production. The natural result of this long period of stagnation is that much of the

labor force in the building industry was absorbed in other industries, and the production of building materials was geared to a low level. During the war and since it ended, we have witnessed the customary migration of people to industrial centers which always takes place during periods of prosperity. And because of full employment at high wages, the savings accumulated during the war years, and the low margins required by mortgage lenders, we find an unprecedented number of people in a position to satisfy the always latent demand to own a home.

MR. MALONEY: Do I understand you gentlemen correctly? You seem to me to say we have a demand for housing, in the sense that people want better places to live, but we don't actually have much of a need for it; that is, there is enough housing. Is that correct?

MR. RUSSELL: I didn't say that. I said that one of the elements in the situation is the fact that we have easy money and people are willing to pay more for housing and occupy more housing than in normal times and much more than in depression times. In 1933 we had about a 10% vacancy. We have built some 6,000,000 houses since that time. And we have no vacancy now. It is because people are ready, willing, and able to buy and have more housing now. That is one of the reasons we have no vacancies.

MR. MALONEY: Have we had no depreciation, no loss of housing over this period of time?

### Population Increase Is Important

MR. DALTON: I am pleased you brought the phase of depreciation into the picture, Mr. Maloney. You had made mention of no homes being built over a long period of time—which we are all familiar with—and Mr. Russell has made mention of the fact that some people are using more space than is necessary due to easy money and rent controls. And there is another factor involved—loss of property by fire together with depreciation. Now, in 1930 the United States had approximately 33,000,000 dwelling units. Since 1930, 6,000,000 were affected by fire, and since 1930 approximately 6,000,000 were affected by depreciation because buildings deteriorate just like automobiles and most other things.

With a population increase of 17,000,000 people who require approximately 5,000,000 units, we have an estimated need of 17,000,000 units short of the 1930 figure. And with about 6,000,000 new units created since 1930, we have a present shortage of 11,000,000 units. Of course the need alone won't cause a realization of 11,000,000 homes being built. Requirements must be tied in with the need. With the need should be the means for fulfillment.

MR. RUSSELL: I would point out that the 6,000,000 housing units affected by fire have been repaired and are still lived in. I would point out also that depreciation has been remedied by maintenance and repair in large measure. There are very, very few houses that are lost as a result of fire in the United States in these years; and there are very few that are gone on account of

depreciation. We have approximately the number of housing units occupied today as we had in 1930 when there was a 10% vacancy, and I submit to you that when we have another depression in another five or ten years, whether we catch up or not, there will then be a 5 to 10% vacancy again. You must recognize that at the bottom of an economic depression you will have a surplus and at the top of an economic bump, such as we have now, you will have a deficiency in housing.

MR. DALTON: Mr. Russell, to give justification to the figures I have just presented, I would like to refer you to the sources of the information. The source of the information on depreciation came from the United States Bureau of Internal Revenue, and their figures were from 2 to 4% depreciation on all homes, and I used the figure of one-half of the lowest figure, or 1%. And the statistical data on fire came from the National Fire Protection Association.

MR. MALONEY: Mr. Stanton, what do you think about all this?

MR. STANTON: I believe that more new homes will be provided this year than new families formed. Industrial leaders never have been more conscious of the dangers of high costs and never have they been more determined to reduce cost as rapidly as stabilization of the general price level and the return of reasonable competition will permit.

MR. DALTON: The City Council of the city of Chicago soon will resume its consideration of a proposed new building code. Later citizens will turn their attention to the annual observance of fire prevention week. How can we reconcile the provisions of the revised code that completely abandons fire protection in certain types of dwellings with the figures prepared to emphasize fire prevention week in Chicago? One hundred forty-six dead and \$9,000,000 in properly loss in 1947, and even a greater and heavier toll is anticipated for this year. The Building Trades Council is firmly opposed to the elimination of reasonable standards of fire protection.

### Fire Protection Is Vital

We do not undertake to say what these standards should be. Technical knowledge of building based on experience with fire should give the right answer. Let the standards be fixed with all reasonable consideration for the safety of people, and then approve any materials or building systems that can measure up to these standards.

MR. MALONEY: There seems to me to be another factor in this housing shortage that hasn't been talked about. I think everyone is well aware that there was no new housing built during the war. I was a little surprised to hear one of you gentlemen say that no new housing has been built in this country in effect over a much longer period of time. Is that strictly true?

MR. STANTON: Oh yes, very little construction was done in the period from 1932 to 1938.

MR. DALTON: Why, new homes constructed since the advent of the depression or 1930 are in conformity with these figures, approximately, I

believe. These figures were acquired from a reputable labor source. Now from 1930 to 1940 the figures we have been able to acquire estimate that there were 2,734,000 new homes erected or built. I would rather change that terminology to housekeeping units or dwelling units because, of course, that includes hotels and apartment houses, etc. In 1940, 880,000 were built; 1948, approximately 1,000,000; and from 1940 to 1946, 1,500,000, of a total of approximately 6,000,000 homes. And the construction industry is today producing approximately 1,000,000 units a year.

MR. MALONEY: Then you would agree, I take it, that it has only been in the last three years that the construction industry has actually been building new housing units to any sizeable extent?

MR. RUSSELL: Since 1929 mighty few houses were built until after World War II. Everybody knows that nine-tenths of the building workmen were idle during the early thirties, during the depression. And the reason for it was that the people wouldn't buy the product. They built only about 10% as many houses in the early thirties, during the bottom of the depression, as they built in the late twenties, and less than 10% of what they are building now. But it wasn't the fault of the building industry. It was the fault of the customers. The customers wouldn't buy the houses so they couldn't build the houses. Now the customers are ready, willing and able to buy the houses so we are building more than we ever built in the history of the world before—over a million this year.

### Shortage Goes Back 18 Years

MR. DALTON: You asked, Mr. Maloney, why the housing shortage hasn't been remedied over the past three years. I presume you used the term three years because the war ended approximately three years ago. But it would have been a physical impossibility to completely remedy in three years time a situation brought about by the combination of elements over a period of 18 years. But the accomplishments have been commendable. We often hear the statement made that the building industry is out of date and has not kept pace with the elements of mass production.

The automobile industry is usually pointed to as a pre-eminent example of mass production techniques. Let us look at the record. In 1936, according to figures published by the United States Department of Commerce in its Survey of Current Business, the automobile industry produced an average of 305,794 passenger cars per month. In the same year the building industry produced an average of 16,581 new urban dwelling units per month. It should be remembered that these production figures were sufficient to supply the effective demand for automobiles and houses that existed in that year. You could walk into any show room and order a car for immediate delivery, and you could also buy a house or rent a flat without any difficulty.

Now let us look at the figures furnished by the same authoritative source showing how the present day record of the building industry compares with the record of the champion mass production industry. In the first six months of 1948, the automobile industry produced an average of 293,000 passenger cars per month, or in other words has not yet achieved the equivalent of its

1936 production. How about the building industry? The United States Department of Commerce's Survey shows that the building industry is producing an average of almost 80,000 housing units per month in the first half of 1948 and reached a high of 97,000 in June. This is a rate of production almost five times as great as its 1936 record.

MR. MALONEY: Let us be a little more specific about this. I was thinking while Mr. Dalton was speaking that it is not much comfort to me to be told that I can buy a house as easily as I can buy a car when I can't get my hand on either one. Let me ask you gentlemen, now let us say that I would want to buy a house in Chicago or in the near vicinity. I am a man with a small family and a moderate income. Can I buy a house? Can I build one? What is it going to cost me?

### Housing Shortage Is Not Unique

MR. RUSSELL: You can buy a house just like you buy a car. If you want a car and you insist on having it this month, you go out to one of these dealers and he will sell you one, and it will be a good sized price. You will probably pay for a new Ford about \$2,250. If you go out and insist on buying a house at this moment, you can probably get one, but you will probably pay some premium price for it. The housing situation is not materially different from the situation with respect to other commodities. It is hard to get meat and bread and shoes and clothing and housing all across the board, and it is going to continue so until the shortage is somewhat met. This question of why we haven't met the housing shortage in three years—we haven't met it in any field of business in three years, and we haven't met it in the housing field, the one that takes the most capital, the most labor and represents about 25 to 30% of our whole economy.

We will meet it in three to five years, and there is no use for anyone to get unduly impatient with it. We are meeting it and if you want a house and insist upon a house, you can get a house, but there will be a little premium if you go out and insist upon it right now.

MR. STANTON: I think Mr. Russell has brought attention to one point that is too often overlooked, and that is the fact that the cost of construction is about 40% less, that is, the percentage of increase and the cost of construction is about 40% less than in most commodities and services.

MR. MALONEY: Now where is the main difficulty in the shortage? You have all remarked that at the present time we are not building enough to supply the demand at least. Where is the problem? Is it in lack of materials?

MR. RUSSELL: The problem is in the lack of materials and labor. And neither can be corrected immediately. It takes about three or four years to train a man to be a competent workman in the building trades, and it takes some time to cut down trees and cut them into lumber and buy the lumber and dress it and get it to a site.

MR. MALONEY: Are the materials not being produced?

MR. RUSSELL: The materials are being produced in great quantities today. We are building more housing this year than ever before in the history of the world, and at the same time we are putting about the same amount of materials into industrial and commercial construction. Materials are being produced in great volume and will continue to be produced in very great volume until the requirements of the people are met.

MR. DALTON: To properly diagnose the ailment of the construction industry, Mr. Maloney, I think you properly should have begun this diagnosis twenty years ago, or back in 1930 at the advent of the depression, and of course down through the war. And as we have stated we now have a backlog necessitating approximately 11,000,000 homes, and that is a physical impossibility to produce unless we had an Aladdin's lamp, which, of course, we are not fortunate enough to possess.

### Material Situation Is Improving

The material situation is rapidly getting better, and much has been said, and usually remarks that refer to the construction industry are in a derogatory sense today, but here is a statement from an informed source, that is, a news article of July 20th with reference to apprentices: "The number of apprentices at work in the building trades has increased at a faster rate than the volume of new building during the last 12 months, Davis S. Miller, president of the Producers Council, said. The total of 131,300 reported during May was 30 per cent greater than in the same month of last year, Mr. Miller pointed out." Now this quotation came from Mr. Miller who is president of the Producers Council, and he stated, and I want to reiterate this remark, that "The number of apprentices at work in the building trades has increased at a faster rate than the volume of new building during the last 12 months." I think that is indisputable testimony as to the efforts of the construction industry to intensify and accelerate their apprentice training program.

Now here in Chicago we have approximately 7,000 young men learning the various trades, and that number will be increased just as fast as employers can find more places for trainees in their organizations. You hear it said by the professional critics of the building trades that the number of apprentices is restricted unreasonably by the unions. That is completely false. My own union—the plasterers—by unanimous resolution is striving to train apprentices at the ratio of one trainee to every journeyman. The building trades realize fully that their welfare is tied in with the construction industry and they know that they must provide an adequate working force to keep the industry in motion.

MR. RUSSELL: Mr. Dalton, I don't agree with this 11,000,000 shortage of homes. I think most of those houses that were affected by fire, 6,000,000, were repaired, and most of those affected by depreciation were maintained and repaired and are in use. I admit that we have a shortage. I think we will catch up with that shortage in three or five years. We will catch up quicker if rent control is taken off and quicker still if economic conditions go down.

But I would like to answer for a moment this question you raised about the young man who wants a house, because I think a lot of people in the room and elsewhere are interested in that question. The cold blooded fact about it is we are building houses faster than ever before in history this year. Not only that but home ownership has increased from 45% to 55%, according to government figures, in this country in the last five or six years. That is the greatest, most rapid increase in home ownership in the history of this country.

MR. MALONEY: What about this charge, Mr. Russell, that a high percentage of housing that is being built today is high-cost rather than low-cost housing? Is there anything in that?

### Other Costs Also Rise

MR. RUSSELL: Mr. Dalton has cited some figures a little while ago stating that the rise in the cost of housing is not so great as shoes or clothes or agricultural products or any other product. Automobiles have just about doubled in price, too. So what has happened is that the dollar has gone down in value—not that the housing has gone up. The house has gone up less than other things.

MR. STANTON: I should like to say that the new housing law will encourage construction of much needed rental apartments as well as more single family houses priced at \$11,000 or less. It makes possible the building of so-called expensible homes for a low cost market designed for additions that can easily be made. It should result in more two and three room apartments so much needed at this time. It will pave the way for construction of non-profit housing, a major phase in slum clearance programs. And this is bound to have a deflationary effect on housing prices.

The most effective counter-action to the inflation trend is increased production and decreased money supply. We must oppose government actions which might discourage work and saving. We must oppose price controls which disrupt production, taxes that inhibit enterprise, and non-productive governmental agencies and services. To successfully combat inflation we must work for increased production, for laws stimulating private enterprise and for free markets so that prices can function to balance supply and demand.

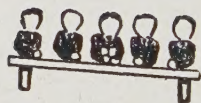
MR. MALONEY: One last question: How long is this housing shortage going to last, then, in your opinion?

MR. RUSSELL: I would say from three to five years.

MR. DALTON: Of course, how long will the housing shortage last is a pretty broad question. The ability of the construction industry to satisfy the demand for homes will be met in a commendable manner, but the economics associated with construction and all phases of our economy is the answer to the entire situation.

MR. STANTON: Well, it is very evident that we are making wonderful progress and that this progress will continue, and that constantly improving

adaptations will be made to meet the constantly changing requirements with which the construction industry is confronted.





## Suggested Readings

Compiled by the Reference Department,  
Deering Library,  
Northwestern University.



ABRAMS, CHARLES. *The Future of Housing*. New York, Harper & Bros., 1946.

Surveys entire field of housing and seeks to lay a basis for the future of housing.

U.S. Congress. Joint Committee on Housing. *Housing in America: Its Present Status and Future Implications; a Factual Analysis of Testimony and Studies*. U. S. Govt. Printing Office, 1948. H. Doc. no. 629.

U.S. Housing and Home Finance Agency. *Housing Statistics Handbook*. 1948.

Statistics on volume and cost of new housing production, on the size and existing stock of housing, and on the financial aspects of housing.

*American Magazine*. 144:21+, D., '47. "Why You Can't Get That New Home; Real Estate Lobby in Washington."

Discussion of the groups that have blocked low-cost housing and housing programs not favored by the real estate lobby.

*Business Week*. p. 84-6, Ja. 10, '48. "Is Labor to Blame for Housing Lag? Two Congressional Committees Disagree."

Explains some agreements made in the building trades unions which should speed up housing construction.

*Business Week*. p. 54-6, S. 13, '47. "Plan for Attack on Home Costs: Building Material Makers Push Industry-Engineered Homes . . ."

Proposals for streamlining construction of homes with standardized, mass-produced, pre-cut materials and parts.

*Consumers' Research Bulletin*. 21:2+, Mr., '48. "Off the Editor's Chest; Monopoly Powers of Building Trades and Transportation Unions."

Describes some of the devices and inefficiencies of the building industry which are inflating prices of housing and depriving many of decent homes.

*Federal Reserve Bulletin*. 34:764-5, July, '48. "Federal Reserve Statements on Housing Situation."

The opinion of the Board of Governors of the Federal Reserve System regarding inflationary measures in the National Housing Act and in the proposed changes to the Act.

*Nation*. 166:538-9, May 15, '48. "Building Industry." R. LAUSCH.

Suggests that unless we adopt a long range housing program we cannot expect the building trades to keep costs at a minimum.

*Nation*. 166:546-8, May 15, 48. "Veterans Want Action." C. PATTERSON.

The veterans organizations and their attempts to push effective housing legislation.

*New Republic*. 118:11-14, March 1, '48. "Stalled in the Lobby." HELEN FULLER.

Political reasons for allowing the real estate lobby to throttle the Taft-Ellender-Wagner public housing bill.

*Vital Speeches*. 14:438-43, May 1, '48. "Is Private Enterprise Doing an Adequate Housing Job?" E. R. CARR.

Points out the successes of the housing industry without industrialization and argues that this system is best for the nation.



## Have You Read These Reviewing Stand Transcripts?

*Volumes I to X of The Reviewing Stand  
List of discussions available on request.*

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